

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AGRE-00 ERDA-05 AID-05 CEA-01
CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01
H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 IGA-02 /124 W
-----121426Z 017805 /41

R 121249Z JAN 77
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 818
INFO AMEMBASSY ABU DHABI
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMCONSUL DHAHRAN
USINT BAGHDAD

C O N F I D E N T I A L TEHRAN 0324

E.O. 11652: GDS
TAGS: ENRG IR
SUBJ: IRANIAN RESPONSE TO DECLINING OIL EXPORTS

1. ACCORDING TO PRELIMINARY FIGURES PROVIDED TO THE EMB
BY NIOC, CRUDE PRODUCTION FROM THE KHUZESTAN OIL FIELDS
(THE CONSORTIUM AREA) AVERAGE 4,606 MBPD DURING THE
FIRST 10 DAYS OF JANUARY. CORRESPONDING FIGURE FOR (A) DEC-
EMBER 1976 IS 6,091 MBPD AND (B) JANUARY-DECEMBER 1976 IS
5,413 MBPD.

2. DURING THE FIRST 10 DAYS OF JANUARY, CONSORTIUM MEMBER
COMPANY CRUDE EXPORTS FELL TO 2,785 MBPD FROM 4,118 MBPD
(DECEMBER 1976) AND 3,892 MBPD (JANUARY-DECEMBER 1976).
NIOC DIRECT EXPORTS (I.E., EXCLUDING NIOC SHARE OF JOINT-
VENTURES' EXPORTS) DURING JANUARY 1-10 WERE 594 MBPD
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COMPARED WITH 1,336 MBPD (DECEMBER 1976) AND 855 MBPD
(JANUARY-DECEMBER 1976).

3. FIGURES FOR JOINT VENTURE PRODUCTION AND EXPORTS
ARE NOT YET AVAILABLE BUT WE UNDERSTAND THAT THERE HAS
BEEN A SHARP DECLINE.

4. CONTRARY TO PREVIOUS PRACTICE, PARTIAL MONTH PRODUCTION AND EXPORT DATA (THIS TIME FOR JANUARY 1-9) WERE RELEASED YESTERDAY TO PRESS AND FIGURE PROMINENTLY IN FRONT PAGE ARTICLES.

5. IN A RELATED DEVELOPMENT, MINISTER OF STATE MAJIDI, WHO IS IN CHARGE OF THE PLAN AND BUDGET ORGANIZATION, ANNOUNCED YESTERDAY THAT PRESENTATION OF THE NATIONAL BUDGET FOR THE NEXT IRANIAN YEAR TO THE MAJLIS WOULD BE DELAYED TWO WEEKS FOR ADJUSTMENTS REQUIRED BY THE DROP IN OIL EXPORTS. ACCORDING TO PRESS ACCOUNTS OF MAJIDI'S STATEMENT, IRAN WILL RESPOND TO DECLINING REVENUES BY (A) CHANNELING IRAN'S IMPORTS AND GOI PURCHASES TO BARTER DEALS, (B) REDUCING AND IN SOME CASES ELIMINATING IRANIAN FOREIGN ASSISTANCE, AND (C) DEFERRING NEW PROJECTS. MINISTER ALSO SAID THAT SITUATION WOULD NOT LAST TOO LONG.

6. COMMENT: MAJIDI'S WARNING OF IMPENDING BELT-TIGHTENING SHOULD NOT NECESSARILY BE TAKEN AT FACE VALUE. ALTHOUGH MANY OBSTACLES REMAIN, IRAN WAS BECOMING RELATIVELY ENAMORED WITH BARTER POSSIBILITIES BEFORE DOHA MEETING AND INSTITUTION OF TWO-TIER PRICE SYSTEM. MOREOVER, FINANCIAL AS WELL AS LOGISTIC AND PERSONNEL BOTTLENECKS PREVENTED INITIATION OF A NUMBER OF MAJOR PROJECTS IN 1976 AND OUTLOOK FOR 1977 WAS NOT THAT GOOD EVEN BEFORE FALL IN OIL EXPORTS. STATEMENTS SUCH AS MAJIDI'S ARE DESIGNED TO GARNER LOCAL SUPPORT FOR IRAN'S DECISION AT DOHA AND TO BRING PRESSURE (BOTH DIRECTLY
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AND THROUGH LDCS THAT ARE RECIPIENTS OF IRANIAN AID) ON SAUDI ARABIA NOT TO OPEN FLOODGATES. THE SECOND TACTIC ADOPTED TO FACE PROBLEMS POSED BY TWO-TIER PRICE SYSTEM IS THREAT OF BLACKLISTING. THE SHAH, IN TWO LENGTHY, EXCLUSIVE INTERVIEWS THIS WEEK WITH DIFFERENT US JOURNALISTS, HAS MADE THE SAME POINTS - UNCERTAINTY ABOUT SHORT-TERM FUTURE, NECESSITY AND/OR DESIRABILITY OF BARTER DEALS, NEED FOR AUSTERITY, AND BLACKLISTING OF THOSE WHO DO NOT HONOR COMMITMENTS TO TAKE OIL.
MIKLOS

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